



General Assembly

**Substitute Bill No. 6917**

January Session, 2005

\* \_\_\_\_\_ HB06917PD \_\_\_\_\_ 042705 \_\_\_\_\_ \*

**AN ACT CONCERNING INTERLOCAL RISK MANAGEMENT AGENCIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 7-479e of the general statutes is repealed and the  
2       following is substituted in lieu thereof (*Effective July 1, 2005*):

3       (a) An interlocal risk management agency is not an insurance  
4       company or insurer under the laws of this state and the development  
5       and administration by such agency of an interlocal risk management  
6       pool and an interlocal risk management program does not constitute  
7       doing an insurance business.

8       (b) The formation, development and administration of a workers'  
9       compensation risk management pool by an interlocal risk management  
10      agency may be carried out as provided in this chapter and in such  
11      instance sections 31-328 to 31-339, inclusive, shall not be applicable,  
12      provided that nothing in this chapter shall prevent a local public  
13      agency from proceeding under sections 31-328 to 31-339, inclusive.  
14      Notwithstanding any provision of the general statutes, an interlocal  
15      workers' compensation risk management pool may provide interlocal  
16      risk management of claims for injuries or diseases caused by  
17      hypertension or heart disease resulting in death or temporary or  
18      permanent, total or partial disability, to a uniformed member of a paid  
19      fire department or a regular member of a paid police department as

20 provided for in section 7-433c. Such risk management may be  
21 provided within an interlocal workers' compensation risk management  
22 pool or within a separate pool exclusively for hypertension and heart  
23 disease. Only one reserve for contingencies need be established  
24 whether or not risk management of hypertension and heart disease is  
25 provided by a separate pool.

26 (c) [An] Except as provided in subsections (d) and (e) of this section,  
27 an interlocal risk management pool, other than a public liability,  
28 automobile and property risk management pool, shall at all times  
29 maintain a reserve for contingencies at a minimum of one hundred  
30 thousand dollars for each fiscal year such pool is in operation, except  
31 that each such pool need have no more than five hundred thousand  
32 dollars in the aggregate. An interlocal public liability, automobile and  
33 property risk management pool shall maintain, during its first year of  
34 operation, a reserve for contingencies at a minimum of five hundred  
35 thousand dollars and shall thereafter increase such reserve by an  
36 amount equal to five per cent of the total contribution of members with  
37 respect to each ensuing year until the ratio of contribution of members  
38 for the then current year to the amount of the reserve for contingencies  
39 is no greater than three to one. Until such time all agreements between  
40 an interlocal risk management agency and public liability, automobile  
41 and property pool members shall contain a provision permitting  
42 assessment of members in an amount not to exceed thirty per cent of a  
43 member's contribution for the year with respect to which the  
44 assessment is made. Notwithstanding any general statute, special act,  
45 or local law, ordinance or charter, retrospective agreements between  
46 any interlocal risk management pool and its members or assessments  
47 of such members shall be binding and enforceable. A reserve for  
48 contingencies means unassigned funds held over and above the  
49 liability reserves of the pool. The reserve for contingencies shall be  
50 advanced to the pool and placed at risk by the members of the  
51 interlocal risk management agency participating in the pool. Advances  
52 to the reserve for contingencies shall be evidenced by certificates,  
53 which may bear interest at a rate determined by the agency's board of

54 directors. Advances may be repaid only when such repayment will not  
55 reduce the reserve for contingencies below the required minimum.

56 (d) The reserve requirements in subsection (c) of this section shall be  
57 suspended until July 1, 2010, at the option of any interlocal risk  
58 management pool organized for less than ten years as of July 1, 2005,  
59 that established and maintains a reserve for contingencies at a  
60 minimum of (1) one hundred thousand dollars for each fiscal year of  
61 operation prior to July 1, 2005, in the case of an interlocal risk  
62 management pool, other than a public liability, automobile and  
63 property risk management pool, or (2) five hundred thousand dollars  
64 for the first fiscal year of operation and thereafter increased such  
65 reserve by an amount equal to five per cent of the total contribution of  
66 members with respect to each subsequent fiscal year of operation prior  
67 to July 1, 2005, in the case of an interlocal public liability, automobile  
68 and property risk management pool.

69 (e) (1) Beginning July 1, 2010, an interlocal risk management pool,  
70 other than a public liability, automobile and property risk  
71 management pool, that operated under subsection (d) of this section  
72 shall maintain the applicable reserve for contingencies specified in  
73 subsection (c) of this section as if its first fiscal year beginning on or  
74 after July 1, 2010, was its first year of operation.

75 (2) Beginning July 1, 2010, a public liability, automobile and  
76 property risk management pool that operated under subsection (d) of  
77 this section shall maintain at least the following reserve for  
78 contingencies:

79 (A) As of June 30, 2011, one hundred thousand dollars plus an  
80 amount equal to one per cent of total member contributions for the  
81 preceding year;

82 (B) As of June 30, 2012, two hundred thousand dollars plus an  
83 amount equal to two per cent of total member contributions for the  
84 preceding year;

85     (C) As of June 30, 2013, three hundred thousand dollars plus an  
 86     amount equal to three per cent of total member contributions for the  
 87     preceding year;

88     (D) As of June 30, 2014, four hundred thousand dollars plus an  
 89     amount equal to four per cent of total member contributions for the  
 90     preceding year;

91     (E) As of June 30, 2015, five hundred thousand dollars plus an  
 92     amount equal to five per cent of total member contributions for the  
 93     preceding year.

94     (3) On and after July 1, 2015, each interlocal risk management pool  
 95     shall maintain a reserve for contingencies as provided in subsection (c)  
 96     of this section.

97     (f) Each interlocal risk management pool operating under  
 98     subsection (d) or (e) of this section shall provide such reports to the  
 99     Insurance Commissioner as the commissioner requires.

100     [(d)] (g) Each such interlocal risk management pool and interlocal  
 101     risk management agency shall, except as specifically designated in this  
 102     section, be exempt from the provisions of the general statutes relating  
 103     to insurance. The sections of the general statutes applicable to an  
 104     interlocal risk management pool and interlocal risk management  
 105     agency shall be: Sections 38a-11, 38a-14, 38a-17 to 38a-19, inclusive,  
 106     38a-49, 38a-51 to 38a-53, inclusive, 38a-56, 38a-76, 38a-321, 38a-334 to  
 107     38a-336a, inclusive, 38a-338, 38a-340 to 38a-343, inclusive, 38a-350, 38a-  
 108     363 to 38a-387, inclusive, 38a-663 to 38a-666, inclusive, 38a-669, 38a-  
 109     671, 38a-675 to 38a-682, inclusive, 38a-790, 38a-792, 38a-806, 38a-815 to  
 110     38a-819, inclusive, and 38a-828.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	7-479e

***INS***      *Joint Favorable Subst.*

***PD***        *Joint Favorable*